

## **Healthcare Group of Arizona Fact Sheet**

### **Background**

- Healthcare Group was created by the Arizona Legislature in 1985 and was initially funded by a grant from Robert Wood Johnson Foundation to address the plight of small businesses (50 employees or fewer) and government offices that could not find affordable health care coverage for their employees.
- In 2002, the Arizona Legislature reaffirmed the need to provide alternative market-driven health insurance options and transferred administrative responsibilities for marketing, enrollment and premium pricing to Healthcare Group, which operates with an administrative cost of 6 percent.
- The legislature initially appropriated \$8 million in 2000 to reconcile medical costs incurred in excess of premiums collected by Healthcare Group. Although an appropriation has been necessary each year since, aggressive medical management has cut the required subsidy in half to \$4 million by 2004.
- Healthcare Group focuses its marketing effort on rural, minority and low-income small business that have the greatest difficulty finding affordable health care coverage.

### **Goals**

- Healthcare Group's business goal is to reduce the number of uninsured Arizonans by offering affordable health care insurance options that deliver accessible, quality health care and customer service.
- By 2006, Healthcare Group is projected to be fully self-sustaining and will no longer need general fund subsidies from the state.

### **Product Info**

- Healthcare Group will add two new HMOS to its existing product in April 2004. The three HMO products offer differing premiums and benefit options, and no deductibles.
- One plan offers \$0 copays for primary care, preventative care and generic drugs.
- The plans are priced affordably to appeal to people who don't have insurance.

### **Overview of Health Care in Arizona**

- The state financial liability for uninsured workers employed by small businesses is growing. Small business owners are increasingly dropping coverage for their employees because they cannot afford the premiums.
- An estimated 94% percent of businesses in Arizona have 50 or fewer employees, according to a study conducted by St. Luke's Health Initiatives.
- The same research shows that 70 percent of small businesses do not offer their employees health insurance.
- Of those who are uninsured, 75 percent say they don't have health insurance because they can't afford the premiums.
- Commercial health care rate premiums continue to rise at a rate of 15 to 20 percent per year. (By comparison, Healthcare Group will increase the premium for its current product by only 4 percent in 2004.)
- Prop. 204 and the transfer of medical care liability from the counties to the state has increased AHCCCS enrollment to nearly 1 million. This burden on the state and taxpayers will continue to grow if low-income populations are not provided with affordable health insurance alternatives.